company called Ruby Tuesday. Ruby Tuesday has 24,000 full-time employees and 16,000 part-time employees.

According to Ruby Tuesday, the employer mandate will cost them roughly $47.5 million—$2000 penalty/per employee/minus the first 30 employees—yet their annual net income last year was just over $45 million. In other words, the cost of the health care law to them equals the entire profits of this multibillion dollar company. Ruby Tuesday says as a result, it will have to reduce its workforce by 18 percent in order to hold their profits even. The company will increase the hours for their full-time employees and reduce their overall workforce in order to reduce the number of people for which coverage would be required.

The problem we are talking about is that the new law requires employers who don't provide acceptable coverage to pay a ''fair share'' penalty of $2,000 per full-time employee. A full-time employee is defined as someone who works 30 hours a week instead of 40. We can see that a company such as Ruby Tuesday, with that many employees, would have a big cost, $47.5 million, which equaled its entire profits for the year.

Another restaurant chain, White Castle, is also concerned. It said that according to their internal estimates, the health care law's provision imposing penalties for employer-sponsored health plans, whose costs to the employee exceeds 9.5 percent of that employee's household income, would be particularly punishing. In its present form this provision alone would lead to an approximate increased cost of over 55 percent of what White Castle currently earns in net income. This devastating impact would cut future expansion and job creation by at least half. The impact would be predominantly felt in low-income areas where jobs are most needed.

A representative of the National Retail Federation testified in February about another large chain quick service restaurant—QSR—and its potential job loss. This company preferred to remain anonymous, but the chain estimates that the incremental cost to comply with the new law is $10 to $15,000 annually per affected restaurant which across the entire system could be $50 to $75 million in incremental costs a year. This would wipe out one-third of that system's profits per year, potentially eliminating 10 percent of its stores, which means hundreds of restaurants and the potential elimination of 12,500 jobs.

There was another example, a large franchise system with multiple casual dining restaurant concepts and projects.

They estimated the average cost per restaurant in their system of the new health care law would be $237,000, which equates to a systemwide cost of providing health insurance benefits to full-time employees of almost $806 million per year. If all of this chain's small business franchisee owners elected to pay the employer penalty instead of providing insurance, the cost would be reduced but to just over still $84,000 per restaurant or a savings of $286 million systemwide. So to cope with the increased costs of the health care law, the employers who are restaurant owners—and these are the largest employers in America, they employ the most people in America except for the U.S. Government—are seeing their costs go up and, as a result, there are fewer jobs for Americans.

Republicans believe it would be better to reduce health care costs step by step so more people can afford to buy insurance instead of expanding a system that costs too much, and we will continue to advocate that position.

The important thing to remember about the law—we have heard it said it hurts Medicare, it adds regulations, raises taxes, and individual premiums are going up—is that it makes it harder and more difficult and more expensive to create private sector jobs at a time when our country should be dedicated to making it easier and cheaper to create them.

I yield the floor.

The PRESIDING OFFICER (Mr. BROWN of Ohio). The Senator from Alaska is recognized.

TAX SIMPLIFICATION

Mr. BEGICH. Mr. President, I rise to speak about the Wyden-Coats-Begich bipartisan Tax Fairness Simplification Act. It is that time of the year again, tax time. Across our Nation, small businesses and families are struggling to unravel the annual nightmare of paperwork required to file their taxes. Across our Nation, small businesses and families are struggling. My wife and I are small business owners so I especially understand how burdensome and expensive the Tax Code and filing process can be for folks at this time of year.

This process is costly and burdensome. The IRS estimates that Americans spend 6.1 billion hours each year filling out tax forms and roughly $163 billion each year on tax compliance. Small businesses are the engine and the backbone of our still recovering economy. We should allow them to spend more time doing what they do best—creating jobs and growing the economy—not filling out burdensome paperwork. This is why I have joined my colleagues from both sides of the aisle, Senators WYDEN and COATS, to introduce the bipartisan Tax Fairness and Simplification Act.

Tax reform has been a long priority of mine. I am happy to be moving forward on this important piece of legislation today. In a nutshell, our legislation simplifies the Tax Code and alleviates many of the burdensome paperwork and costly requirements that are bogging down American families and businesses. Our legislation will allow most taxpayers to file their taxes using a straightforward and shortened 1-page 1040 IRS form. This is an example of exactly what it would look like. Also individuals and families will be able to request that the IRS prepare a tax return for them to review, modify, and sign.

The Wyden-Coats-Begich bill reduces the number of tax brackets for individuals from six to three: 15 percent, 25 percent, and 35 percent. It eliminates the alternative minimum tax which forces millions of taxpayers to calculate their taxes twice and pay the higher amount. In order to make capital investments more cost effective for small business owners, the Wyden-Coats-Begich bill will allow 95 percent of small businesses—those with gross receipts of up to a million dollars—to expense all equipment and inventory costs in a single year. These changes may seem simple and commonsense, but they make a world of difference to our middle-class families and small businesses.

Let's talk specifically about small businesses for a second, people who are keeping our economy going, such as my friend John Brower from Anchorage. John owns and operates Alaska Laser Printing in Anchorage. John works tirelessly, 365 days a year, and is proud of the business he built. When new technology is developing in the printing business, it is always bringing on needs for new equipment. This legislation would allow him to expense all those equipment costs and would truly make a world of difference for John and save him thousands and thousands of dollars in taxes.

I am here to speak for the John Browers and the other small businesses all across Alaska and the country. My view is very simple: Let's quit giving tax breaks to multimillion-dollar corporations. Let's close the corporate loopholes and help small businesses such as John Brower's.

Right now we are facing a $14.3 trillion deficit. We are hours away from a potential government shutdown rather than continuing on a path toward long-term economic recovery.

Our new bill actually promotes economic growth because it allows businesses to spend more time growing and less time worrying about the overly burdensome tax system which we all know only enables tax avoidance. As all of us around here know, tax avoidance means outsourcing jobs overseas. Instead, our legislation incentivizes and enables companies to invest in America rather than incentivizing them to invest overseas.

The legislation also promotes responsible retirement savings and investments by expanding tax-free savings opportunities.

The American Dream Account, whether it is for a new home, education for your children, or health care, provides a unique opportunity to invest in the American dream. Families and individuals alike can make contributions to an account that functions much like a retirement savings account, an RSA, to work toward purchasing their American dream.

Right now the U.S. corporate income tax rate is the second highest in the world. That puts American corporations at a competitive disadvantage globally. To resolve that, the Wyden-Coats-Begich legislation cuts the top corporate rate from 35 percent to 24 percent. That means American corporations will pay a more competitive rate than corporations based in trading partner countries such as Canada, Germany, and France.

To make the Tax Code fairer and reduce opportunities for individuals and businesses to avoid paying their fair share of taxes, the Wyden-Coats-Begich bill ends a number of specialized tax breaks that favor one business sector or some special interest that has been fortunate to be here lobbying in years past and getting their special deals, making sure everyone is treated fairly but ensuring we are competitive in the global economy in which we now compete.

Our legislation protects and extends important tax deductions for families. The Wyden-Coats-Begich bill retains many of the most commonly claimed individual tax credits and deductions, including deductions for mortgage interest and charitable contributions, credits for children and earned income. Preferences for the Armed Forces, veterans, and the elderly and the disabled will be retained, as will those that help Americans pay for health care and higher education and save for retirement.

The Wyden-Coats-Begich bill also permanently extends the enhancements of the Child tax credit, the earned-income tax credit, and the dependent care credit. The legislation eliminates the current law phaseout of itemized deductions and personal exemptions, allowing all taxpayers to benefit fully from their deductions and exemptions.

Finally, our legislation requires banks to identify all individuals who benefit from foreign accounts by name and nationality and to withhold 30 percent of all passive income, such as interest on capital gains, sent to any individual who disguises his or her identity.

Tax reform is a bipartisan issue, hands down. Republicans, Democrats, our President, the OMB Director, and many others all across this country have called for it. So let's do it. Let's stop punching holes in an outdated system and make real tax reform happen. Tax reform is about creating jobs, growing the economy, and supporting our families and businesses for the future.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The assistant majority leader is recognized.

Mr. DURBIN. Mr. President, I commend my colleague from Alaska. I do not know the particulars of his bill, but as I listened to his description of it, it is long overdue. Simplifying this Tax Code so the average American believes it is fair and understandable is essential for the integrity of our tax system.

I have always said there is one law we can pass which would result in tax simplification overnight, and that would be a requirement that every Member of the Senate and House prepare and file their personal income tax returns. It is a humbling experience. A few years ago, in Springfield, IL, when my accountant passed away, I decided, as a lawyer and a Senator: I will do it myself. I spent the whole Sunday afternoon, and then Monday went begging for help. I thought to myself: Mine is not that complicated. It should be a system that is much simpler and more direct and fair.

I thank the Senator for stepping in to meet that challenge. The Bowles-Simpson Commission talked about tax reform as one of the central elements to dealing with our deficit and expanding our economy. I think I might add to that: fairness in the way our taxes are treated. So I thank the Senator for his leadership on that issue.

Mr. BEGICH. I thank the Senator.

BUDGET NEGOTIATIONS

Mr. DURBIN. Mr. President, we are now in the countdown phase as to whether this government of the United States of America—the most prosperous Nation in the world—is going to shut down, turn out the lights, close its doors, and walk away. That could happen tomorrow night at midnight. If it does, it is an unmitigated disaster. There is no winner. No political party can claim they come out ahead in this exercise. It makes us all look bad—deservedly so.

So this morning I called into a local radio station in downstate Illinois, and the host said: You ought to hear the phone calls, Senator.

I said: I can guess what they are saying. What is wrong with those people in Washington that they can't sit down and reach an agreement? They are supposed to be our leaders. They are supposed to work out our problems. They are not supposed to throw up their hands and throw a tantrum.

That is, frankly, what will happen if we close down this government. Now, I think there are ways for us to reach an agreement. There are certain issues on which we all agree. Let me tell you what they are.

Our deficit and debt are serious national problems. They threaten our future, and they leave a legacy to our children and grandchildren we cannot defend. In order to reduce our deficit and our debt, we need to change in Washington. We need to cut spending, we need to be honest about it, and we need to tell the American people, whom we represent, what it means. Some of it will require sacrifice, but on both sides of the aisle there is no argument over what I just said. We need to cut spending, and we need to reorder the priorities of government.

But there is something more we need to do, and I credit two Minnesota legislators who wrote a letter to the New York Times a few weeks ago, who, I thought, in a few words put it together. This Democrat and Republican wrote in and said: We are facing a fiscal crisis in our State, and what we have discovered is, we can't tax our way out of it. We can't cut our way out of it. We need to think our way out of it. We need to find ways to deliver essential services to the American people in a more cost-efficient way. We need to stop the duplication, waste, and inefficiency that are clearly part of our government today.

So where are we? We are involved in negotiations, primarily between the majority leader, HARRY REID of Nevada, and Speaker JOHN BOEHNER of Ohio. They are trying to work out an agreement so we can move forward and finish this year's funding. It is 6 months and a few days, but it is critically important we get it done. They are close. In fact, I would say—and I just asked Senator REID if this was a fair representation—the dollar amount of this negotiation is all but completed. The dollar amount is all but completed, meaning that both sides have agreed how much we will cut spending for the remainder of this year.

To give credit where it is due, to Speaker BOEHNER and the House Republicans, there are significant cuts in their initiative in this area they can point to as part of the agreement. On the other side of the ledger, I think at the end of the day we will be able to say, as Democrats: Yes, we supported spending cuts, but we drew the line where we thought it was important for the future of this country. We made sure the cuts were not too deep in job training programs for unemployed and new workers in America. We made certain the cuts were not too deep when it came to education, particularly for children from low- and middle-income families. We made certain the cuts were not too deep when it came to medical research and the basic competitive research necessary for the American economy and businesses to expand—and a host of other things. But those three major areas of job creation, education, and research we fought for, and at the end of the day I think we can point with pride to the fact that most of those are going to be largely protected.

So we can both walk out of the room with some satisfaction that after all of this time, we have reached the point where the dollar amounts are in basic agreement—I am not going to say in total agreement but in basic agreement.

So why am I not standing here saying with certainty that the government will not shut down? Unfortunately, now the House Republicans have decided this is no longer a battle over the